

The Problem of Executive staff  
and Senior Officials of Public  
and Private Institutions in  
India (1)

• Institute of Public Administration

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## The Problem of Executive Staff and Senior Officials of Public and Private Institutions in India (1)

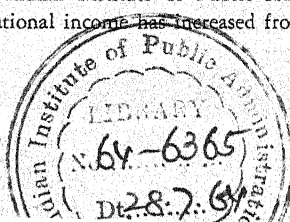
### THE ECOLOGICAL BACKGROUND

India has during the last four hundred years passed through a transition from an agricultural to a semi-industrial economy and has since 1951 embarked upon a somewhat ambitious plan of economic development. The preponderance of agriculture as an occupation still continues, but the speeding up of the tempo of economic development in the wake of planning has intensified the trend towards diversification of occupations, industrialisation, urbanisation and concentration of population and rising living standards both in terms of higher earnings and improved amenities of life (2).

The impact on social organisation of economic development in combination with the attainment of political independence has been far reaching. With the disappearance of the feudalistic system which characterised old agrarian economy and with the progress of industrialisation, the joint family, caste and village community systems have been gradually disintegrating. Some of the remnants of these systems are still to be found among the hereditary headmanship of some village communities and predominance of members of higher castes in village panchayats. The structure of the Indian authority system, springing from the idea of paternalism in the joint family, has facilitated centralisation of authority in organisations, including business organisations. Superior-subordinate relations in Indian industry, as well as in many other facets of Indian life, are often

(1) Prepared by the Indian Institute of Public Administration.

(2) The per capita national income has increased from Rs. 246 in 1948-49 to Rs. 284 in 1956-57.



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characterised by authoritarian order-giving and subservience to superiors. There is very little challenge of constituted authority from below or even very little communication upward.

The same is more or less true of the administrative organisation. " (Public) personnel administration here has too much feudalistic heritage, too much academic and " intellectuality " orientation, too little administrative, action and human-relations orientation, and is too defensive of the " rights " of the existing personnel ". (3).

The impact of forces of industrialisation and development is also apparent in the expansion of the scope and scale of functions of the Government, in the increase in the responsibilities of the private enterprise in the matter of social security and welfare amenities, in the increasing consciousness of the citizens of the individual rights and duties, and in the enlarged area and role of voluntary organisations (though seemingly their activities look to have diminished).

Politically, India achieved independence in 1947 after having been under the British rule for about two centuries. The political system as established since independence is one of parliamentary democracy (a sovereign democratic republic), with a socialist pattern of society as the national goal. In the economic sphere, the state is to direct its policy in a manner as to secure the distribution of ownership and control of the material resources of the community to subserve the common good and to ensure that the operation of the economic system does not result in the concentration of wealth and means of production to common detriment.

The implications of State Policy and the objective of the socialist pattern of society are manifest in the emerging trends towards democratic decentralisation of local government, workers' participation in management and increasing association of people with the administrative process — developments which impinge a good deal on the nature of responsibilities and attitudes of senior executives in public and private institutions. They also tend in the direction of evolution of a new executive leadership at the level of the community development block, with the block emerging as a unit of the socio-economic-cum-political system.

The heritage of almost two hundred years of British rule, ending in 1947, was not only a strong and successful nationalist movement,

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(3) Paul H. Appleby, *Public Administration in India, Report of a Survey*, Delhi, Groot- of India Press, 1953, p. 10.





but also (1) a trained Indian *élite* represented by the Indian Civil Service which provides a quality of administration unique in industrially-underdeveloped countries; (2) an educational system which helped to produce this *élite* and has left a common core of knowledge and a language of the *élite* (English) in a sub-continent of many linguistic, religious, and racial groups; (3) an English legal system which has helped to preserve individual rights; and (4) a managing agency system of business entrepreneurship and management. This heritage left by the English has blended well, in many respects, with the strong features of Hindu life and culture.

The public policies and plans of the Government during the last 12 years have been affected in some measure by the Gandhian ideology which characterised the national movement for independence, and is formally subscribed to by the Indian National Congress, the political party in power. Gandhi's emphasis on the values of a self-sufficient village economy and his condemnation of the evils of industrialism and urbanism have had some influence in causing government to protect handicraft and village industries at the expense of modern industry; but the present government has clearly chosen industrialisation as the road to reducing the poverty and unemployment of India's millions. However, the Gandhian way of life, like the joint family, the caste system, the other-worldly and ascetic aspects of Hindu religion, is being modified by the pressures of industrial development. The cultural setting is not an inflexible barrier; it bends and even accommodates itself to the new logics. Even India's villages, where about 83 per cent of the population still lives, are apparently changing age-old patterns of life under the impact of government-sponsored community development programmes.

### THE PROBLEM TODAY

It seems desirable to define at the outset the term "executive staff and senior officials". These terms, in this paper, cover both administrative and executive senior staff. While senior executives in public as well as private institutions are generally concerned with the over-sight of the execution of policies and projects, the administrative staff is mostly engaged on the direction of the execution of policies and the formulation of sub-policies and procedures and the laying down of standards for effective execution.

The forces of democracy, socialism and development which are at work in India since the last few decades, have thrown up certain

problems of executive and administrative staff which are common both to the public and private institutions. First of all, there is general shortage of adequately qualified and fully competent personnel for manning senior positions; the intellectual calibre of fresh recruits during the last decade and over has generally shown a decline. With the expansion in the scale and scope of activity all round, the problem of numbers has become significantly important and training schemes, both initial and refreshed, have been launched or expanded for most of the positions. Planning has also brought in its wake the need for having a large number of specialised and professional workers in various fields; this has led to the setting up of special cadres in many large organisations both in private industry and Government; and the issue whether the technical departments should be headed by generalist-administrators or technical-administrators has assumed a special importance.

The stabilisation and progress of the democratic forces during the last 12 years and the state policy of reduction of inequalities of income and wealth as well as the taking over of the functions of welfare and development by Government call for a re-orientation of attitudes and policies towards the public on the part of the administrative agencies, the state enterprises and private industry. In the public sector, both in Government and in state enterprises, not only have the responsibilities increased in numbers and scope but also in monetary value. The problems of integrity, efficiency and economy have therefore become extremely important. The role of morale in maintaining and stepping up efficiency has too become increasingly significant. With the advent of political independence and planning, senior executives and administrators, apart from having responsibilities for execution of policies and programmes, have also to partake in the policy-making process by way of assistance and clarification.

The major contemporary problems of senior administrative and executive staffs are those of recruitment, training and executive development for higher managerial responsibilities, re-orientation of the autocratic attitudes of the senior personnel so that they not only work for the people but also with the people, i.e., better public relations and the association of the people with the administrative process in larger numbers, balancing the demands for specialists and generalist-administrators, provision of incentives for improving and maintaining efficiency and devising of measures for raising the levels of morale and integrity.

## THE PUBLIC SERVICES

### *The Legal Basis.*

Under the Constitution of India, the legislature is empowered to regulate the recruitment and conditions of service of persons appointed to public services, and, pending that, the executive may make the necessary rules. The Union Parliament is authorised, if it considers it necessary or expedient in the national interest to do so, to provide by law for the creation of one or more all-India services common to the Union and the States. The Constitution also contains some special provisions protecting the members of the civil services of the Union and the States and of the all-India services against unfair dismissal, removal or reduction in rank. In actual practice, except for the all-India services, it is the executive and not the legislature which has made the rules regulating the recruitment and service conditions of public services.

In India, in the matter of recruitment the Constitution further provides for the creation of Public Service Commissions which are independent of the political executive. The respective powers and functions of the Commissions and the Governments cannot be altered except by amending the Constitution itself. The persons appointed as members of the Commissions are, at the end of their term, debarred from any employment under the Central or State Governments except as members or chairmen of some other Public Service Commissions.

### *Structure and Staffing.*

India is a union of States. As in other federal structures there is a Union Government and a separate Government for each constituent State. The Central Government has its own public services distinct from the public services of the different States. There is also a third category of services, described as All-India Services. These services are common to the Union and the States. The members of these services are centrally recruited but allocated to State Governments except when they are appointed to a post under the Central Government on deputation. The State Governments have full control over them save that their pay and conditions of service are determined by the Central Government. At present there are only two such Services — the Indian Administrative Service and the Indian Police Service —, but Parliament may, by law, create more of such Services.

The Central Services administer purely central subjects. Most of the departments under the Central Government have their own Services. These Services are generally organised in four classes — Class I, Class II, Class III and Class IV. The senior officers of various ranks are provided by the Class I Services; the middle-grade officers by the Class II Services; and the subordinate staff — executive, supervisory, clerical, etc. — by the Class III Services. Class IV Services cover staff like messengers, watchmen, gestetner operators, record sorters and other manual workers.

The service structure and staffing arrangements in India have grown and developed to meet the nature and volume of administrative tasks devolving upon the Government. At the core of the service structure, there are the generalist-administrator services, all-India and State, charged with the responsibility of assisting the political executive with policy-making and also with the duty of ensuring the execution of government policies. The actual execution of government policies and programmes is, however, entrusted either to the executive wings of the generalist service or to the functional services. The functional services have been set up where the type of work involved is primarily of a specialised nature and it is voluminous enough to require a separate service, e.g., Income-tax, Customs, Excise, Accounts, etc. etc. Closely allied with the functional services are the specialist services and cadres, recruitment to which is made on the basis of professional qualifications and experience. Where the magnitude of work is not large enough, *ad hoc* specialist posts have been provided for. The main specialist services are the State P.W.D. Engineering cadres, the State Education and Forest Services and the State Health Services.

The system of separate functional services for carrying out distinct functions does not exist in all countries. Three factors primarily responsible for its development in India are: (1) the need for differentiation between policy-making and execution; (2) the geographical size of the country and the large magnitude of government work; and (3) the specialist nature of certain operations. There exists a Central Secretariat Service at the Centre and ministerial services in the States.

The higher Secretariat posts are generally manned by officers of the Indian Civil Service, the Indian Administrative Service and the Central Class I Services. The posts of Under Secretary are, however, generally filled by officers of the Central Secretariat Service. The outstanding officers of that service are also promoted to the posts

of Deputy Secretary. The system of staffing of the higher secretariat posts is known as "tenure system" which has been in force in the Government of India since 1905. Under this system, every State cadre of the Indian Administrative Service has a quota for deputation to the Center for a fixed period; this quota generally is 40 % the number of senior posts in the State itself.

#### *Increase in Responsibilities.*

With the expansion in the scope and scale of governmental functions, particularly in matters of welfare and development, the civil services have been called upon to bear additional responsibilities. These include the direction and management of state enterprises, framing of economic policy and study of economic problems, the regulation and control of private enterprises and the organisation and administration of schemes of welfare, social security, and community development. In order to meet the new growing responsibilities, action was initiated by the Government for purposes of (1) drawing into the administrative service individuals with high academic qualifications or special experience, (2) selection of junior officers of the administrative service at an early stage in their careers for intensive training in the economic field and (3) obtaining for responsible senior positions in Government individuals with special experience and knowledge from other fields. The principal administrative tasks during the Second Five-Year Plan period include "building up administrative and technical cadres and providing incentives and opportunities for creative service; continuously assessing requirements of personnel in relation to the tasks to be undertaken; organising large-scale training programmes in all fields and mobilising the available training resources".

#### *Expansion of Public Services.*

Employment under the Central Government (including Railways and Posts & Telegraphs) increased from 14,45,050 in 1948 to 17,73,570 (i.e. by 22.7 %) in 1957. Employment in Central Services Class I (with a salary scale going up to Rs. 850 or above) and in Central Services Class II (with a salary range of Rs. 501-849 which include mostly administrative and executive personnel) was 10,391 and 19,270 respectively, i.e. 0.59 % and 1.09 % (total: 1.68 %) of total employment under the Central Government. The employment

under State Governments was 2,011,193; of these senior gazetted (4) staff were 2,042 and junior gazetted and equivalent non-gazetted staff were 6,376 — a total of 8,418.

Governments of India, at the Centre and in States, have had to expand existing cadres and to establish several new cadres.

The new Central cadres, planned on a functional basis which have been set up in recent years include a central health service, a central information cadre, a central legal service, a central pool of labour officers and a central frontier administrative cadre. Since 1937 a Finance-Commerce pool of officers drawn mainly from the Indian Administrative Service and Central Class I Field Services had existed to man higher posts in the Finance and Commerce Departments but it has not been found large enough to cope with the increasing amount of work, both in volume and intensity, in respect of development programmes. The Government of India has recently approved in principle the formation of central economic statistical cadres to advise and assist the administrative services in the formulation and execution of policies and procedures relating to economic matters.

#### *Recruitment Policy and Practices.*

The system of recruitment to senior administrative and executive public services in India is one of direct recruitment at the base through an open competitive examination, with a proportion of posts (about 25 %) reserved for promotion from the lower services. At the Centre, the Union Public Service Commission conducts about 30 examinations in a year to fill, on an average, 1,825 posts in different services.

There is also a large number of posts — on an average 1,400 in a year — for which the Commission selects candidates without any written examination. Such recruitment is made on the basis of the qualifications, experience, and records of the candidates, supplemented by an interview confined to those who, from the information furnished in their applications, etc. appear fit for consideration. For certain posts in the higher grades, requiring exceptional qualifications or experience, the procedure of formal interview is modified to suit the status of the persons considered for appointment. The States

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(4) A « gazetted » status carries with it certain privileges and responsibilities and the recognition that its incumbent belongs to the officer's class and not to the clerical services.

have their separate Public Service Commissions. The scheme of open competition is based mainly on three basic tests: (1) a test of intellectual ability and scholastic attainments through a written examination in subjects of the candidate's choice, which might or might not have any direct relevance to a civil servant's work (optional papers); (2) a written test common to all candidates, designed to test capacity for effective thinking, sense of form, power of clear and lucid expression, and general knowledge (compulsory paper); and (3) an interview to assess a candidate's personal qualifications, including certain intellectual qualities, which cannot be tested at a written examination. The Government of India has however recently abolished the requirement of a compulsory pass in the personality test.

Mention has already been made of the larger annual intake on the basis of an open competitive examination, as also of the special emergency recruitments at higher age-levels. The reports of the Public Service Commissions in India, Union and States, indicate that an increasing number of higher posts involving specialized or professional knowledge or experience have had to be filled in by special invitation.

The trend towards liberalization of recruitment policies is also manifest in another direction. An important recent development was the enactment of Public Employment (Recruitment as to Residence) Act, 1957. This Act does away with domicile restrictions in regard to public appointment. Nine States have by now amended their service rules permitting all Indian citizens, of whatever State, to sit for the competitive examination for State Services.

#### *In-Service Training Programmes.*

Training of civil servants is the responsibility of the Central and State Governments and not of the Public Service Commissions. The extension of the activities of the State had led to a systematic approach to the problem of training of civil servants. In the past, it was largely an empirical process; it was a matter essentially between the young civil servant and his immediate supervisor — a kind of apprenticeship. But now it is thought of in the wider sense of developing the civil servant's capabilities and broadening his mind, apart from providing him the knowledge, and teaching him the skill required for a particular job or service. Broadly speaking, the initial post-entry training is being conducted in two different manners: (1) institutional training (for administrative, police, audit



and accounts, and income-tax services); and (2) training under the guidance of senior and experienced officers (for defence accounts, customs, postal services, etc.).

There are separate central institutions of training for the services in the first category. For the other services such institutions have not been set up, mainly because there are not enough recruits in a year to run an institution. But the new entrants to some of these services, for instance, the Central Excise, Postal and Railway Services, are sent to the training institutions run by their respective departments primarily for the training of the subordinate personnel.

The measures taken by the Central and State Governments in recent years to expand and step up in-service training programmes include :

1. The establishment of a training institute for probationers of the Rajasthan Administrative Service and the expansion of the activities of similar state services institutes for Uttar Pradesh and Bihar.
2. Organisation of refresher courses for Indian Administrative Service personnel of middle levels.
3. The establishment of a National Academy of Administration at Mussoorie in 1959 for imparting a four-month course of "basic foundational training" to probationers of the All-India and Class I Central Services. The I.A.S. Training School, Delhi (for probationary training), and the I.A.S. Staff College, Simla (for refresher courses), have been merged with the Academy.
4. More effective implementation of the scheme for secondment of senior Central Secretariat personnel to States for a period of two years to give them a measure of training in district administration.
5. The revision of syllabi for training to include subjects like public administration, local self-government, state and social services, and statistics.
6. The establishment of an Administrative Staff College at Hyderabad in 1956 with the object of bringing together experienced executives of proved administrative capacity from different walks of life such as private industry, commerce and public service, giving them an opportunity of examining different administrative practices and preparing them for higher responsibilities in the future.

7. The establishment of a Central Institute of Study and Research in Community Development at Mussoorie with the object of stimulating thinking in the key personnel — both administrative and technical — so as to create in them a better understanding of the objectives of the community development programme and of the approaches and techniques thereof.
8. The organization of short-term courses and seminars on personnel administration, planning, morale in public services, etc., by the Indian Institute of Public Administration and its School of Public Administration.
9. The deputation of senior administrators and executives abroad for purposes of study and observation.
10. Emphasis on fuller utilization of the probationary period.

*Promotion Policies and Incentives.*

In Class I services, approximately 55 % of the posts are held by those directly recruited to that Class, and the rest are filled by promotion. The exact proportion of promotion posts varies from one service to another. Filling up of 25 to 33 % of the posts of vacancies arising in a year by promotion is the common practice.

Broadly speaking, the promotion rules lay emphasis on merit for posts at higher and middle levels, and on seniority-cum-fitness for those at lower levels. The general pattern of selection for promotion is as follows: Appointment to selection posts and selection grades is made on the basis of merit, with regard to seniority only to the extent indicated below. The Departmental Promotion Committee or other selecting authority first decides the field of choice, i.e. the number of eligible officers awaiting promotion who should be considered for inclusion in the "select list" provided, however, that an officer of outstanding merit may be included in the list of eligibles even when he is outside the normal field of choice. Promotions are normally made from this "select list" in the order in which the names are finally arranged. The "select list" is periodically reviewed.

As regards other incentives, by and large, cash rewards are not offered. Government personnel are, however, given certain other noteworthy benefits, such as greater security of tenure, house at concessional rates or house rent allowance, liberal leave and pension benefits, etc., which ensure good employer-employee relations and

attachment to the institution or the employer. In addition, special welfare activities have been introduced on a systematic basis with a view to getting better performance. Distinguished and highly meritorious work outside the normal duties is sometimes rewarded by cash compensation which is termed honorarium. If outstandingly good work is done in a particular case or an assignment or a problem, it is recognised by recording appropriate observations on the case, or by a letter of appreciation under the signature of the Head of Department or under the orders of Government, or a suitable mention is made in the annual report of the Department. If the work for the year as a whole deserves to be classed as "outstanding", it is so mentioned in the annual confidential report, and would probably result in the personnel concerned being entrusted with enhanced responsibility or his getting accelerated promotion.

The second Central Pay Commission has recommended that "the Government may consider the feasibility of introducing incentive schemes for office staffs engaged on simple, repetitive, operations which can be measured; for instance, the typing, despatch and dialling".

#### *Delegation and Top Management.*

The increase in the scale and scope of administrative tasks has necessitated a large measure of decentralisation and delegation of administrative and financial powers. However, some senior executive and administrative personnel still complain that they have not been given powers commensurate with their new responsibilities and as such they cannot function as effectively and efficiently as they would wish to. The reports of the Estimate Committee of the House of the People contain several recommendations in the direction of greater decentralisation and larger delegation.

Another related contemporary issue is whether a technical officer or a generalist administrator should be the head of a department. The pace of development has, in its wake, brought a growing need both for specialists and generalist-administrators. The second Central Pay Commission has, in this regard, pointed out that where the work of a department is mainly technical, it is desirable that the Secretary should be a person who, while possessing administrative ability and capable of taking a broad Government-wide view of matters, has a technical background in the particular field. In a department which has a considerable amount of technical as well as

administrative work, the Secretary may be either a technical officer, with proved administrative capacity, or a generalist administrator; technical officers should not be excluded from the field of choice on *a priori* considerations but should be considered on merits. The functions of Head of Department and Secretary should not normally be combined — whether the Secretary is a general administrator or a technical or a professional officer.

### *Efficiency and Integrity.*

India has inherited from the British rule a higher civil service well known for its high standards of integrity and efficiency. There has been a relative decline in standards of administration in recent years (5). Growth in the magnitude and complexity of Government business and the need for quick decisions have led to greater attention being given in recent years to organisation and methods. At the Centre an Organisation and Methods Division was set up in the Cabinet Secretariat in 1954. The Division guides and coordinates the work of organisation and methods units in the various Ministries and attached offices. The Ministry of Railways have set up an efficiency bureau with a view to effecting savings in their programme. Problems of administrative efficiency have been studied during the First Five-Year Plan in several States and there has been a degree of re-organisation between secretariat departments and attached offices at State headquarters. A few States have also set up organisation and methods units. The Special Reorganisation Unit (Economy Division) of the Department of Expenditure, Union Ministry of Finance, has successfully applied the use of Work Study techniques to assess work loads and to determine staff complements on scientific basis in selected Government organisations. Some useful work in the field has also been done by the programmes Evaluation Organisation of the Planning Commission created in August 1952 (in regard to the evaluation aspect only) and by the Committee on Plan Projects set up by the National Development Council in 1956 to undertake, among others, " studies with the object of evolving suitable forms of organization, methods, standards and techniques for achieving economy, avoiding waste and ensuring efficiency in execution of projects ".

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(5) First Five Year Plan, Planning Commission 1952, p. 117.

The problem of integrity in Indian administration, as in any other, has many dimensions. "At present, in several fields of administration there are complaints of lack of integrity in the official machinery" (6). While it is debatable whether the relative size of corruption has increased or decreased the expansion of the public sector and the increase in the scale of developmental activity in India has, no doubt, greatly extended the scope for corruption.

Some of the recent measures undertaken at the Centre and in the States to combat corruption include : strengthening and extending of basic laws and regulations against corruption, broadening the definition of public servant under these laws to include employees of public corporations and government companies, amendment of government servants' conduct rules to tighten up restrictions on certain economic activities of Government servants and prohibiting them from becoming members of unrecognized associations and taking part in strikes, reinforcement of the staff and expansion of the activities of the Special Police Establishment at the Centre and of the anti-corruption units in the States and the institution of special judicial enquiries into cases of alleged serious misconduct or negligence on the part of civil servants.

The Seminar organized by the Planning Sub-Committee of the All-India Congress Committee in May-June 1959 at Ooty (Madras) to discuss and clarify broadly the approach to objectives of the Third Five-Year Plan recommended that "the other measure that was necessary was to repose full confidence, trust and responsibility in the officials in order that the hierarchical approach might give way to an approach of comradeship in the administration. Sufficient initiative must be allowed to rest with them though there might be scope for mistakes being made because trial and error was a recognized method of education and training".

#### *Employer-Employee Relations.*

The Government Servants' Conduct Rules place certain restrictions on the activities of non-industrial Government servants. These fall

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(6) Second Five Year Plan, Planning Commission, 1957, Part II, Chapter VI, Para 4. (Cf. Report of the Rly. Corruption Enquiry Committee, 1953-55, Ministry of Railways, 1956, p. 17 and p. 40; see also Report of the Law Commission of India on « Reform of Judicial Administration », Vol. I, paras 126-127.

into three categories : (1) those restricting political and civic rights; (2) those bearing on rights to form service associations or trade unions, and cognate matters; and (3) those laying down restrictions or prohibitions as regards public expression of opinion, criticism of Government, acquisition and disposal of property, carrying on of trade and business, acceptance of gifts etc. Government servants are also prohibited from participating in any demonstration or resort to any form of strike in connection with any matter pertaining to their conditions of service. It is laid down that no Government servant shall join or continue to be a member of any service association of government servants which has not, within a period of six months from its formation, obtained the recognition of the Government under the rules prescribed in that behalf, or recognition in respect of which has been refused or withdrawn by the Government.

Since 1954, staff councils have come up in Central Ministries and in some Government departments of certain States. At the Centre, each Ministry has now got two staff councils — a Senior Staff Council for Class II and III employees, and a Junior Staff Council for manual staff. The Senior Staff Council is composed of Government nominees and the representatives of Section Officers, Assistants, Stenographers, Clerks, etc. The Council can make a recommendation only if it is agreed to by a majority of the members of each side; and the Ministry concerned decides as to what action, if any, should be taken on a recommendation. The proceedings of the Council are submitted to the Minister and his attention is particularly drawn to points of disagreement. These staff councils in the Central Government have little in common with the Whitley machinery. Their objects have been laid down in very wide terms, but their powers and procedures greatly limit their effective scope. Most matters concerning conditions of service are generally dealt with centrally and not departmentwise; but there is nothing like a central staff council to discuss such matters. The councils cannot be described as a machinery for negotiation. They are, in actual practice, merely a forum for the staff representatives to ventilate their grievances and put forward their viewpoint to the nominees of the Government. Their existence, however, is having a salutary effect in reorienting the attitudes of higher civil servants towards their subordinates and combating the evils of high-brow bureaucracy and authoritarianism in human relations in the public services.

## STATE ENTERPRISES

### *1. The Nature and Role of State Enterprises.*

Out of the outlay of Rs. 4,800 crores in the public sector under the second Five-Year Plan, state industrial projects were to account for Rs. 491.44 crores. This outlay on state industrial enterprises has since been revised to Rs. 780.85 crores. Except in a few cases of industrial enterprises in the financing of which private industry too has a share (e.g., the Hindustan Shipyard and the Ashoka Hotels Ltd.) the entire investment in public enterprises has been made by the Government. The Industrial Policy Resolution issued on April 30, 1956 states as follows : " The adoption of the socialist pattern of society as the national objective as well as the need for planned and rapid development required that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide have also to be in the public sector ". Industries have been classified into three categories having regard to the part which the State would play in each of them : Category 1 consists of industries the future development of which will be the exclusive responsibility of the State. All new units in these industries will be set up only by the State. Category 2 comprises industries which will be progressively state-owned and in which the State will therefore generally take the initiative specially in developing new undertakings but in which private enterprise will also be expected to supplement the State effort; it includes machine tools, ferro alloys, antibiotics and other essential drugs, fertilisers etc. Category 3 covers all the remaining industries whose future development generally will be left to the private sector. It was specifically mentioned in the Resolution that these categories would inevitably overlap to some extent and no rigidity was intended.

An important factor which determines the scope of the above Industrial Policy has been the general character of the Second Five-Year Plan. Unlike the First Five-Year Plan, the Second Five-Year Plan places considerable emphasis on rapid industrialization and the development of certain basic industries.

### *2. Recruitment.*

In most of the enterprises, the boards of directors have responsibilities for formulation and direction of policies, within the broader

frame-work laid down by Government, and by the statute, if any, as well as for the superintendence of the execution of these policies except in the case where boards of management have also been set up. As at present constituted, the boards of directors of most of the enterprises consist mostly of part-time officials of Government although some non-officials are also associated. Sometimes one or two directors may be full-time, e.g. chairman in the Industrial Finance Corporation, Vice-chairman in the Air-India International and managing directors in the Sindri Fertilisers and the Hindustan Machine Tools. Often a Secretary to the Government happens to be the chairman of the board of an enterprise under his own department and in some instances the Ministers have taken up the chairmanship of the undertakings under their charge.

The chief executive officer of each enterprise is generally the managing director. The large majority of these as well as other top personnel is usually obtained from amongst administrative officers of Government. Except in the case of the Locomotive Works, the Railway Coach Factory and the Telephone Factory where the chief executives are obtained from amongst persons with considerable technical knowledge and experience in that field, the top executives in most other enterprises are persons with a general administrative background. In a few cases persons with technical or managerial experience in other Government undertakings like the railways are put in the top executive positions of new enterprises. For example, the present managing director of the Sindri Fertilisers and the chairman of the Hindustan Steel are former railwaymen. Most of these enterprises are too new to have any persons grown up in the enterprises acting in the top positions. Very few of the top executives have a background of managerial experience in private industry.

The question of having a proper system of recruitment for management personnel in the public sector has been engaging public attention for some years. The Government has recently constituted an Industrial Management Pool for the purpose of manning the top management positions in the industrial and commercial undertakings of the Government. Recruitment to the Pool — of 212 executives between the age range 25 to 45 years — has been made from amongst civil servants and from private employment with requisite background and experience. Promotions in the Pool will go largely by merit and no automatic promotions on the basis of seniority will be made. No post will be reserved for members of the Pool. Senior posts in the industrial undertakings will be available both to officers



from the Pool and to officers not belonging to the Pool but operating in the various undertakings. The State Government of Mysore which has a large number of industrial concerns under its management has also recently created a separate industrial cadre for the management of industrial concerns.

The articles of association of enterprises generally lay down that no appointment the maximum salary of which is Rs. 2,000 or more per month shall be made without the prior approval of the President of India. In some other cases the prior approval of the Government is required for the entire scheme of salaries and allowances.

The recruitment of senior executives in the departmentally managed enterprises like the Railways and Posts and Telegraphs is made through the Union Public Service Commission. The recruitment to the Industrial Management Pool has been made through a special selection board presided over by the Chairman of the Union Public Service Commission. The other state enterprises have set up special selection committees for purposes of recruitment to senior positions.

The Sub-Committee of the Congress Parliamentary Party on "Parliamentary Supervision Over State Undertakings" presided over by Shri V. K. Krishna Menon, Union Minister for Defence, has recently recommended that each enterprise should have special rules of recruitment, standards should be set down beforehand and selection boards should be appropriate to levels. A degree of talent spotting should be permissible providing at the same time that it does not lead to nepotism. Such machinery for recruitment may either be separate for each concern or common to a group of concerns under one Minister if the services can be interchangeable.

The Krishna Menon Sub-Committee has further opposed the appointment of secretaries or senior government officers as chairmen or managing directors. The Estimates Committee of Parliament has also several times expressed itself against the presence of senior government officials and ministers on the boards of directors. The present composition of the board of directors which provides for the appointment of a large number of secretariat officers as *ex officio* directors has led to very rapid changes in the personnel on the boards as a result of the frequent transfers to which secretariat officers are subject. The justification generally put forward in favour of the appointment of a number of civil servants on the boards is that it makes for smoother progress and functioning of the enterprise. The civil servants know the basic policy of the Government. They are

in a better position to understand what measures the Government is likely to find objectionable and therefore the possibility of conflict between the enterprise management and the controlling government is minimized. The number of enterprises is already large and is further increasing and it would be difficult for Government to find outside the ranks of civil servants sufficiently experienced and competent persons to be appointed as directors. Non-officials having no stake in these concerns may not take enough interest and there is also a possibility that some of them may be ideologically opposed to the expansion of the public sector and therefore may not be very helpful and co-operative.

Manager-administrators have to face special problems the solution of which requires a basic knowledge of the rules of economics and of industrial and commercial practice, a sense of financial realism (i.e. the operation of public enterprises strictly on business principles except where the state policy specially requires its modification), action-mindedness and capacity to take quick decisions, executive ability to manage large groups of human beings, far-sightedness and amiability to maintain good public relations and courage and integrity to render objective and impartial advice. While some of these qualities and attributes are innate, and competence in the management of nationalised undertakings can be attained only by experience, the development of many of these administrative and managerial talents can be quickened by proper education and training.

### *3. Training.*

State enterprises run as government companies or corporations have not yet devoted much attention to systematic training of executive and administrative personnel which are mostly drawn from government administrative services or comprise executives with adequate experience in private industry. Training is generally in the form of actual work on the job. Some of them have recently started to send selected middle level executives to the Administrative Staff College at Hyderabad to prepare them for shouldering higher responsibilities.

Departmentally-managed enterprises like railways and posts and telegraphs have comprehensive training schemes. The Railway Board runs a Staff College at Baroda for the training, among others, of the recruits to the Traffic, Transportation and Commercial Department. Several special and refresher courses are arranged for serving officers. The Posts and Telegraphs have their own training institutions for the junior executive staff.

#### 4. *Conditions of Service and Incentives.*

The salaries of the managerial personnel in the public sector are related closely to those of civil servants. Most of the managerial personnel being personnel on deputation from Government service, they are generally paid their grade pay plus some special pay. In any case the salaries of the managerial personnel are very much lower than those in private industries, even in the case of important concerns. The idea of providing some sort of incentive bonus for managerial personnel is not accepted.

As regards retirement benefit the general pattern is one of provident fund to which staff may contribute at their option. Leave concessions similar to those available to civil servants are also provided. State enterprises which have recently come up and are located at industrial areas provide some housing facilities both for key executives and workers. Some have officers' clubs also.

The Krishna Menon-Sub-Committee on "Parliamentary Supervision Over State Undertakings" has observed that it should be possible for the worker in public employment to feel that he has got opportunities of advancement, that merit would be rewarded, that his own interests require that he should not merely be a clock watcher. The method of promotion should also be such as to inspire confidence, and caste and communal considerations and nepotism should not enter into it. The Committee further suggests that a liberal system of rewards inside factories and also industrial awards by the community or Government either for production at the workers' level or for administration, should also be instituted. It has also recommended that there should also be a sense of security in that there should be permanency of tenure or previously accepted periods of contracted service, methods for redress of grievances, appeal against penalties, avenues and channels of representation in regard to merit so that the applicant employee may have a feeling of assurance that he will not be overlooked. These are matters to be provided for in the bye-laws or rules of the company. In the circumstances, it may be expected that in companies of any size in or the service of a particular group of companies something like a covenanted service would grow up.

#### 5. *Delegation of Powers to Senior Executives.*

Delegation of powers is related not merely to the size and importance of the unit; it also seems to depend upon the type of

person who is expected to occupy the post of managing director or general manager. Ordinarily of course the managing director or the general manager of a major enterprise would be senior enough to create a feeling of confidence in the board and, therefore, more powers would be delegated to him. The extent of delegation also seems to vary according to the stage of development reached by the enterprise. It is not unusual for complaints to be heard from the managing directors or general managers about the insufficient delegation of powers to them and for similar complaints to be heard from the officers below the managing director. The officers managing the enterprise frequently complain about the overinterference by Government in their affairs and by this they mean the interference by directors who are on the board and whom they take more as mouthpieces of Government than as directors internal to the enterprise. Another effect of the close connection of the enterprises with the Government is that political considerations tend to influence their functioning in certain ways. One example is that of the policy pursued by Government of reserving a certain proportion of posts in various administrative cadres for backward communities which tends to be adopted even in public enterprises. The possibility of political interference in matters of appointments, promotions and disciplinary measures is also considerable when there is such a close connection between the Government and the enterprises. There is also the further problem of delegation by the managing director, or general manager to various officers working under him.

The managerial staff for many of the enterprises having been drawn from Government services, the functioning of the enterprises has been considerably influenced by governmental procedures and methods. This is obvious in the case of enterprises which are organised departmentally, and similar difficulties arise even in the case of enterprises organised in the form of companies.

#### 6. *Employer-Employee Relations.*

Joint Councils of Management have been set up in several important public enterprises. This movement towards workers' participation is expected to re-orient the attitudes of management and improve human relations, efficiency and morale in state undertakings.

The administrative and executive personnel in departmentally-managed enterprises are governed by the departmental conduct rules, similar to those for government servants, and cannot strike or take part in politics.

The position in regard to senior personnel in government companies is somewhat fluid. Several undertakings have not yet framed any conduct rules at all; the employees of the Hindustan Aircraft Limited are free to participate in all kinds of political activity, and so are those of the Bharat Electronics. On the other hand, the Damodar Valley Corporation and the Indian Airlines Corporation have made rules regulating the conduct of their employees which are similar to the Central Civil Services (Conduct) Rules. A definite, uniform, policy is in process of evolution.

## COMMUNITY DEVELOPMENT AND VILLAGE INSTITUTIONS

Two of the most remarkable developments of recent years are community projects and national extension service programmes which aim at a radical transformation of India's rural economy. The community development programme makes a comprehensive approach to the social and economic aspects of rural life and includes within its scope activities relating to agriculture, co-operation, animal husbandry, minor irrigation, village and small industries, health and social education. The personnel problem at the district level is one of enabling the district collector to shoulder effectively the new responsibilities in the field of development. He is to become the king-pen of the development programmes, its principal development officer. In some States he has to bear the new burdens himself, assisted by a district development officer of the rank of a deputy collector; in others an additional collector is in charge of the development function. At the sub-district level, the sub-divisional officer is in charge of development work; and for purposes of general supervision below him is the multipurpose block development officer who co-ordinates the work of specialists at the block level and directs and supervises the village level workers who are also multi-purpose functionaries. Each block comprises 66,000 population in 50 to 100 villages. With the progress of the community development programmes there is increasingly developing a direct link between the block development officer and the district collector. Further with the assumption of the responsibilities in the matter of development and welfare by the district collector, there is a manifest trend towards relieving him of some other work. For instance, in Rajasthan State, all accounts work (with some exceptions), inspection work, 50 per cent of the police stations and some other items have been taken away from the district officer and transferred to the Additional Collector or Additional District Magistrate.

One important connected personnel problem at the district and the sub-district level in recent years is related to the extent to which the functions of development and regulatory administration could be usefully combined in one officer. One view is that their combination in the same functionary is likely to give rise to super-imposed programmes of community development, to the constant temptation to resort to shortcuts of "coercion" which may on the surface seem to produce quicker physical results, and that would defeat the very basic purpose of the programme — the release of a self-generating process of rural development based on people's initiative and responsibility. Again, the revenue-cum-magisterial officers at the sub-divisional and circle levels have specialised and voluminous duties which would not allow them to attend to development work with the requisite degree of concentration and continuity. Nor are their mental attitudes attuned towards the promotion of development programmes. The second school of thought holds that the combination of the regulatory and development functions is necessary in the interest of integrated administration and the transformation of the existing administrative machinery into a welfare agency in consonance with the spirit of the new Constitution and national objective of socialist pattern of society. The revenue-cum-magisterial officer in charge of the area is by virtue of his official influence best equipped to enlist the active support of the people for the development schemes. The functions of development and of law and order and revenue collection were till recently combined in the area of the former Bombay State down to the level of the village level worker and are even now in Bihar State up to the level of and including the development officer, and in most of the other States only to the level of the sub-divisional officer. The revised policy of the Government is that block development officers and the village level workers should not have any functions other than those of development.

Recruitment to the cadre of the block development officers is made from the revenue personnel and junior administrative officials of State Governments as well as from among the extension service staff considered qualified for this job. Excepting Bombay, Madhya Pradesh and Rajasthan, progress has been made in drawing the non-revenue department people into the posts of the B.D.Os. As the block development officer is not in a separate cadre of officers he may be by-passed for promotion by his parent department.

The block development officers recruited from the administrative hierarchy are not fully conscious of the requirements of their role

as a supervisor and not as a boss. The administrative traditions of obey-and-command and of compliance with rules and regulations more in the form than in spirit have tended to affect adversely the achievements in community development blocks. These achievements are not only very often inflated in matters of statistics of money spent and units of work completed but are also to a large extent the result of the official efforts to show some results to appear "better" in the eyes of higher officials. It is therefore not surprising that there is a tendency to perfect the programme of development in every way by adding too many and varied items so as to make it ambitious — a programme beyond the absorptive capacity of village and its inner readiness and leadership. Increasing emphasis has come to be placed therefore in recent years on a clearer definition of the concepts and standards of progress-indicators and on more effective on-the-spot checks on progress records.

The twin personnel problems at the level of the block therefore are those of reorienting the attitudes of the block development officer and of bringing him into a regular cadre with avenues for promotion.

Recently the Rajasthan Government has set up a Zila Parishad — Panchayat Samati (district and village councils) Service to which the extension staff and the block development officers will be recruited at the district level by the district selection committees having on them a member of a special public service commission for recruitment of development personnel.

Training facilities for block development officers at the Orientation Training Centres have been expanded in recent years; the syllabus too has been revised. The main objective of orientation training is to give to the block extension personnel a clear idea of the history and the concept of community development so that they can better understand its aims and objectives. Higher personnel engaged in community development work are trained at the Central Institute of Study and Research in Community Development at Mussoorie.



One of the directive principles of State policy in the Constitution of India is that the State shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary



to enable them to function as units of self-government (Article 40). In pursuance of this directive, most of the States have enacted the requisite legislation and the network of village panchayats now covers more than half the total number of villages in the country.

In the First Five-Year Plan, panchayats were visualised mainly as the agency at the village level for development, welfare and land management as well as for land reforms. This role was, in principle, fully accepted by all the State Governments. In the Second Plan, specific measures have been recommended for building up active panchayats in order to secure the broader aims of (a) comprehensive village planning; (b) bringing about more just and integrated social structure in rural area; and (c) for completing the pattern of district administration envisaged in the national extension and community development programmes. Panchayats are also being vested with certain judicial functions such as the administration of civil and criminal justice, settlement of petty disputes and enforcement of minimum wages in agriculture.

Recently a new experiment in democratic decentralisation of local government has been initiated in most of the States. Under the new pattern, village panchayat (village council), block samiti (block council) and zila parishad (district council) would constitute the three-tier structure of rural democracy in the country. The village panchayat will be a statutory body manned by elected representatives of the people. The elected panchayats in their turn will send representatives to the new statutory body known as block panchayat samiti at the block level. The samiti will also have co-opted members representing women, depressed classes and other scheduled castes. This body, which will have a president and a vice-president and also have the block extension personnel and the resources of the block placed at its disposal, will be responsible for implementing the community development as well as other departmental programmes of Government. The zila parishad, consisting of Members of Parliament and Members of Legislative Assembly of the district and presidents of block panchayat samitis, will offer guidance and assistance to the block samitis and be in overall charge of the planning and development programme of the district.

One major difficulty in the functioning of the panchayats at present is that most presidents are not qualified by education or training to carry out adequately the functions, or to assume the responsibilities, entrusted to them under the panchayat laws. As their level of education is generally low, the great majority of them do not fully understand their duties and responsibilities.



In order to build up leadership and equip representatives of the people with knowledge and competence to run these democratic bodies and plan their programmes, it has been found necessary to embark upon a comprehensive programme of training at all levels. The programme of training envisages organised training of 1.6 million members of panchayats, 0.2 million presidents, 0.2 million vice-presidents and 300 members of informal consultative committees of the state legislatures and Parliament and about 1/2 million youth leaders and about 1/2 million women workers. Under the programme, study camps of M.P.'s and M.L.A.'s are also organised. In addition to the study camps, facilities for more detailed study on the subject of community development are provided to the legislators and presidents at the Central Institute of Study and Research in Community Development at Mussoorie, along with senior administrators and heads of technical departments from States. It is proposed to invite the presidents of block samitis for 1 1/2 months' orientation training at the Orientation Training Centres along with the block development officers.

Village level workers undergo two years' training. There are 75 Extension Training Centres for them in different States.

There are 27 Home Economics Wings attached to Extension Centres for training female village level workers. There are 8 training centres for imparting job training to social education organisers. Eight Training Centres have been set up for block level extension officers (co-operation) and 12 training centres for block level extension officers (industries). In every circle of the village level worker a camp of about 50 assistants, drawn from each of the villages of the circle, is held for 3 days. The training is of seminar type. Organisations of village youth such as Yuvak Mandals, Bal Mandals, etc., are coming up in rural areas and camps are being organised to impart 10-15 days training to the youth leaders.

A study of panchayats carried out by the Programme Evaluation Organisation of the Planning Commission has revealed that in most panchayats the majority of the members come from high castes or rather from castes which are the principal land-owning and cultivating castes of the area. But leadership status is even more a matter of public opinion than wealth. The president of the panchayat is by far the most important member of the institution. He is, in fact, its head and is often assigned a number of administrative and executive functions. Presidentship of panchayats is concentrated in the more affluent class of cultivators even more than panchayat member-

ship. Most panchayat acts provide for the appointment of a panchayat secretary to maintain the records and accounts of the panchayats and to look after other routine duties. However, there is very great inter-state variation in matters like the method of recruitment of the secretary, his status as a government or panchayat servant or as a full or part time employee, his pay, educational qualifications and training etc.

### PRIVATE INDUSTRY

The private sector, despite in-roads made by the public sector into it, still occupies an important place in the national economy. The problem of having competent and qualified senior staff in private industry has become acute in recent years, partly because of the expanding public sector and partly due to the larger demands in terms of general knowledge and human understanding made upon their business executives as a consequence of the development of a diversified economy and increased state regulations and control of industry and the growing demand on the part of the workers for participation in management. "The Indian managerial structure is gradually changing over from a relatively authoritarian basis, with excessive centralisation of power and too little delegation, to a democratic basis, with professional or quasi-professional managers (as distinct from owners, proprietors, or managing agency houses, or managing directors), wielding more and more authority" (7).

#### *Recruitment.*

The recruitment policies and practices in regard to senior executives in many organised industries have been influenced a good deal by the predominance of certain business families on the boards of directors. In a study carried by the Research and Statistics Division of the Department of Company Law Administration it was found that 12 families controlled 212 public companies having each a paid-up capital of Rs. 50 lakhs and above. The paid-up capital of the companies included in this study totalled Rs. 331 crores, which came to about 50 per cent of the total paid-up capital of all public companies at work during 1955-56.

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(7) *The India Management Education Study Team*, Report of a Visit to the U.S.A., Ministry of Scientific Research & Cultural Affairs, Government of India, New Delhi, 1959, p. 43.

The control by certain families of a large proportion of private industry has meant that a good percentage of senior positions are held by the relatives and friends of these families. "Charges of nepotism are frequent, particularly on the part of those outside the family or the community who feel frustrated and blocked by lack of opportunity within the management structure. But nepotism does not always result in bad management; for there are some family enterprises in which sons have been sent abroad for special training in engineering and business administration and have returned to become competent managers and innovators, expanding the family business into new fields" (8).

The second element in the staffing of senior positions has been the retired civil servants. In many organisations the common practice is to search for top executives from Government or other houses. Because of the trend for integration of business in the social fabric, the industrial and business employers often find themselves incapable of participating whole-heartedly in this socio-economic process of our democratic society. The enlightened group of the business sector often engages retired Government officials and other experts as "back-force" or major executives. In fact, there is a competition to "buy" such men — both in the private and public companies.

Another aspect of management development in the private sector is the "Indianization" of the staffs of foreign firms operating in India. One of the criteria for establishment of new foreign enterprises is the extent to which they will train and give employment to Indians. Foreign firms are also under special pressure to adopt more generous personnel policies as a price for continued survival and prosperity in the Indian environment. The American oil companies have had a good record in developing Indian personnel increasingly to take over responsible positions. The number of Indians employed by the foreign companies has increased progressively from 1949 when it was only 1,085; the annual average addition during the last 3 years for which information is available has been about 900. Compared with this the average annual intake into the All India Services and the Class I appointments in the Central Government made by promotion has been 500. About 16 per cent of the posts in the salary group Rs. 3,000-5,000, and 6 per cent of the posts on salaries exceeding Rs. 5,000 per mensem, are held by Indians.

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(8) Charles A. Myers, « Industrial Relations in India », Bombay, p. 187.

In recent years large private concerns have increasingly adopted the recruitment practices followed by foreign private concerns in India — to recruit junior business executives on an organised basis and to develop them through appropriate training programmes for assuming higher responsibilities in course of time. The recognition of the value of professionally-trained management (regardless of family connection) is growing.

#### *Conditions of Service.*

As discussed in an earlier section, the business executives in India are generally higher paid than their counterparts in the civil services. As regards retirement benefits, the general practice is to allow to the "covenanted staff" (corresponding to the gazetted staff under Government) benefits of pension. In some cases even those on the highest salaries are allowed the benefits of a contributory provident fund, the employer and the employee each contributing  $6\frac{1}{4}$  per cent or  $8\frac{1}{3}$  per cent of the salary. Contributions made by the employer to an approved provident fund up to 10 per cent of the salary are free from income-tax and super-tax. Some private concerns do not have pension schemes as adequate as are available to Government servants, but there are other benefits which compensate equally or even more.

The fringe benefits in terms of housing and other allowances are also considerable. There is a fair degree of security of tenure but not as high as in Government.

#### *Training and Executive Development.*

Relatively few private or public Indian enterprises have instituted systematic management and supervisory training programmes. The best industrial and commercial concerns, however, give a great deal more sustained attention and systematic thought to the training of their staff than either the Central or the State Governments.

The need for a diversification of experience for the sake of greater efficiency and development of an employee's capabilities is prominently kept in view. In the case of superior staff, the need for basic or foundational training in subjects not quite directly connected with the specialised work involved is recognised and, in varying degrees, the same principle is applied in the training of purely technical or even lower staff. Training for technical personnel includes advanced technical or professional studies, induction courses which have a fairly wide scope, and training in administrative and house-

keeping functions. This is in sharp contrast to the practice in Government; nothing is done to train, for instance, engineers and doctors to be good civil servants, or to be efficient in administration and house-keeping, though technical and professional men have to function within the same framework as the "generalists" and have almost always some administrative and house-keeping responsibilities. There appear to be careful arrangements for a constant assessment of the progress of an employee and for a follow-up on the application of training to practical work. The value of providing for their employees avenues for higher study, whether for superior professional attainments or only general education, is recognised. Lastly, considerable attention is devoted to the planning of training courses and the adoption of appropriate methods of instruction.

The Tatas have a comprehensive programme of training in management skills, consisting of the Company Information Course, job rotation, delegation, the Tata Management Conference, the Tata Staff College and the Conference of Personnel and Labour Officers of the different Tata companies. The Hindustan Levers is operating a management training scheme the object of which is "to train young Indians, with first-class personal qualities and records, in management and in knowledge of the business, particularly in the work for which they seem most suited, and to develop in them a breadth of outlook which will ultimately equip them to fill some of the highest positions in the company". The primary emphasis is on continuous training on the job. It is now adopting "residential courses" on the lines of the Tata Staff College to give training to its managers. It also sends its staff to the Administrative Staff College at Henley-on-Thames and to the British Institute of Management. The Burmah Shell runs courses for its executives of middling seniority; in their management study groups even more senior personnel are included. Preliminary training is given to all-India and Branch Assistants at the Burmah Shell training centre at Trombay, Bombay. The training covers what the Company describes as technical as well as "human" and "conceptual" subjects. Study tours in the U.S.A. are undertaken by comparatively experienced and "advance-of-age" executives of the company. The Special Management Courses run by the Imperial Tobacco Company cater to all age and seniority groups; the same is true of their programmes for training abroad. The United Commercial Bank has been training about twenty junior officers a year for six months' periods. With the object of organising training courses for the benefit of the senior staff of the commercial

banks, the Reserve Bank of India established in September 1954 a Bankers' Training College in Bombay. The main objective is to offer all-round practical training to senior bank officials, in particular to those responsible for the management of a branch bank. The Standard-Vacuum Oil Company has a full-time training director who has successfully used training programmes in "Conference Leadership" and "Basics of Supervision" with management and supervisory personnel. The latter programme was also translated into Hindi and given to first level terminal supervisors.

More widespread interest in supervisory training has developed in India since the Training-Within-Industry programme was introduced first in Ahmedabad in September, 1953, by a British expert sent by the International Labour Organization at the request of the Government of India. A National TWI Centre and regional TWI centres have been set up and the initial efforts seem to have had the effect of awakening many Indian firms to the need for more systematic training in supervisory skills and for re-thinking the relationships between different levels in the company organization.

The large private concerns are making increasing use of the training facilities provided at the Administrative Staff College at Hyderabad. The basic purpose of the College is to bring together experienced executives of proved administrative capacity from industry, commerce, and government and give them opportunities for interchange of ideas and experience and for preparing themselves for higher responsibilities.

In recent years the management movement in India has been gathering momentum. There has come up an All India Management Association with regional associations in all important cities like Madras, Bombay, Calcutta. These associations organise from time to time formal training programmes and study groups for business executives. Some employers' organisations also have set up research centres for management activities, e.g., the Ahmedabad Textile Industry's Research Association (ATIRA), the Bombay Textile Research Association (BTRA) and the South India Textile Research Association (SITRA).

Training programmes in personnel management are also conducted by the National Productivity Council and its Regional Councils and by the Indian Institute of Personnel Management.

Following the recommendations made by the Board of Management Studies of the All India Council of Technical Education, which

advises the Government of India on the development of technical education including management education, special courses in industrial engineering and business management are given at 7 regional centres. Those at Kharagpur, Bangalore and Bombay are primarily concerned with full-time students for industrial administration. The Universities of Delhi, Madras, Calcutta and Bombay admit about 250 junior executives a year for giving part-time instruction in different aspects of management problems. In each centre some local industrial and commercial houses send their senior executives to assist the University staff in their teaching programmes.

There is growing recognition of the value of post-graduate training programmes for selected groups of middle-management personnel; but the facilities available do not yet match the present and potential need.

The Indian Management Education Study Team has, in its report, recommended that both in volume and variety management development programmes should be substantially expanded and the Government should consider the establishment of a central management cadre similar to the central administrative and other cadres, and the existing Management Pool might appropriately be made a part of this cadre. It is also suggested that a committee should be set up to assess the short-term and long-term requirements of managerial personnel at different levels, both in the private and the public sector.

#### *Promotion and Incentives.*

The organizational structure of Indian management is highly centralized and often family-oriented with the result that opportunities for participation in management decisions and for promotion to top ranks are rather limited. Caste, class and family differentiations account for the gulf which exists between different levels of management. Nepotism is all too frequent. It may be argued that this is relatively "costless" in an industrially underdeveloped economy where managerial skills are scarce and sons and relatives of the wealthy get most of the advanced training. But this overlooks the loss of managerial talent which may have developed under other conditions among those, with comparable educational training, who do not happen to be related to the top managers or members of their caste or business community. Recognition of the value of professionally-trained management (regardless of family and other connections) is growing, but not fast enough.

*Employer-Employee Relations.*

The executives of the private industry, particularly those in the foreign firms, are generally indoctrinated to keep aloof from associating themselves with the labour. They do not generally belong to any trade associations and for the most part are an extension arm of the authoritarian and paternalistic regime in the private industry. The recruitment of senior executives in increasing numbers in recent years and the training programmes started in several concerns are however likely to help considerably towards the growth of a professional managerial class in private industry in due course.

